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WHA/FO CMC MULLEN, S/CT VPALMER, ASIERRA, WHA/BSC MDRUCKER,
BFRIEDMAN, CCROFT, DOJ/OPDAT KO'CONNER, TREASURY, DHS/ICE

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SUBJECT: THREE PLUS ONE READOUT

Classified By: Ambassador James C. Cason; reasons 1.4 (b) and (d).

SUMMARY

11. (C) The January 10-11 Three-Plus-One Security Dialogue with Brazil, Argentina, Paraguay and the United States in Asuncion played out as expected, with fruitful coordination on the margins of the meeting, but plenary interventions from the three focused primarily on crime fighting and preserving the reputation of the Tri-Border Area (TBA). U.S. presentations noted that the United States, as host of the next meeting, planned to broaden discussions to include arms and drug trafficking, money laundering and copyright piracy, the focus of past Three-Plus-One sessions. The Argentine delegation noted for the first time at a "3 Plus 1" plenary that AMIA bombing conspirators had worked through the TBA. Progress on the Brazilian-sponsored Regional Intelligence Center in Foz do Iguazu remains slow, but the three will meet in February to confirm staffing arrangements. Paraguay noted that illicit financing often leads to terrorist financing, but stressed that there was no evidence of operational terrorist cells in the region. The final communique included a loosely worded commitment to work on a joint illicit finance study (threat assessment) before the next plenary which we hope will facilitate discussion of multilateral cooperation (including on cash couriers) and technical assistance. In addition to offers of cash courier and document fraud training for countries in the region, the United States should host meetings of experts from the group (e.g. Financial Intelligence Units) to create positive momentum for cooperation. END SUMMARY.

U.S. OPENING INTERVENTION

12. (U) S/CT Deputy Coordinator Virginia Palmer and WHA DAS Chris McMullen jointly led an interagency delegation to the 6th annual plenary session of the Three-Plus-One Security Group, January 10-11 in Asuncion. Their opening statements emphasized the value of continued counter-terrorism (CT) cooperation and the need for broader engagement within the region on security concerns. Palmer outlined global terrorist trends, including links between transnational crime and terrorism; an increase in homegrown (or guerrilla vice expeditionary) terrorist groups loosely affiliated with al Qaida; and the aggregation of regional terrorist groups and continued terrorist interest in acquiring weapons of mass destruction. She highlighted successes in international cooperation to bring terrorists to justice and noted the importance of addressing the conditions that terrorists exploit. Palmer noted the U.S. Congressional endorsement of the Three-Plus-One mechanism in HR 435.

13. (U) WHA DAS Chris McMullen reiterated the need for expanded engagement among the partners. He commended the progress made by the three countries in improving passport controls, investigating suspicious activities, increasing custom controls, and conducting joint patrols of land and sea borders. DAS McMullen also noted the need to address common crimes and transnational threats. In a subsequent intervention he suggested expanding the discussion to include broader security issues and the plans to address trafficking in arms, drugs, and persons, money laundering, and document fraud at next year,s plenary. McMullen expressed USG willingness to provide capacity building through training in bulk cash smuggling; bioterrorism and food defense; waterways management; and detection of arms and munitions trafficking.

FIU'S

14. (U) During the session devoted to the efficient exchange of information, Palmer noted the usefulness of the FIUs, intercessional activities. In response to Brazilian concerns regarding delays in FinCen's response times to requests for case information, FinCen,s Mauricio Pastora held sidebars and orchestrated a joint meeting of FIU representatives on the margins of the meeting to discuss collaboration and enhanced financial information sharing, including: timely information exchanges, voluntary and spontaneous disclosures, and bilateral cooperation between each of the South American countries, FIUs and FinCen. All four FIU representatives committed to continued collaboration on both money laundering and terrorist finance, a review of pending cases and regular telephone follow up.

TTU'S -- EXPANDING REGIONAL INFORMATION SHARING

15. (U) U.S. Department of Homeland Security (DHS/ICE) delegates Carlos Maza and Guillermo Cancio commended the work of the Tri-Border countries' Trade Transparency Units (TTUs) which utilize import and export data to identify suspicious trading patterns indicative of criminal activity. The three TTUs currently share data bilaterally with only the USG. The DHS/ICE delegates urged regional trade data sharing and suggested using the Foz de Iguazu Regional Intelligence Center as a host for trade-related data.

BIOTERRORISM COOPERATION

16. (U) Andrea Lauritzen of State,s Office of Environment and Science briefed on integrated efforts on bioterrorism and agroterrorism and provided the Argentine and Brazilian delegations with sample training materials on strengthening food defense. Brazilian assertions (backed up by the Argentine delegation) that food defense issues were not relevant in the TBA effectively shut down the Three-Plus-One mechanism as a forum for discussion of bioterrorism issues, however.

17. (U) COMMENT: The Brazilian delegation was not persuaded that matters not strictly related to the TBA were relevant to Three-Plus-One discussions. GOB argued that bio or agroterrorism attacks were not likely to come from the TBA, but in any event were subjects more appropriately discussed in another forum. Nonetheless, during side conversations, Argentine and Paraguayan officials expressed interest in collaborating bilaterally on efforts to counter bioterrorism and agroterrorism as well as strengthen food defense. As a condition of mentioning bioterrorism in the meeting's final communique, GOB insisted on including a statement that it did not believe that Three-Plus-One was the appropriate venue for these discussions. END COMMENT.

DOCUMENT FRAUD AND CASH COURIER TRAINING

¶18. (U) All delegations welcomed efforts to improve document security. The United States offered to provide training similar to successful programs provided Paraguay and Argentina to Brazil. (Note: Dates for the Document Fraud Training were forwarded to the GOB on January 21. End Note.) Palmer briefed on worldwide efforts to combat bulk cash smuggling and terrorist use of cash couriers, stressing that the OAS' CICTE efforts were part of this effort and would not focus on the TBA.

¶19. (U) U.S. Department of Treasury officials Charles Ott and Rachel Fedewa introduced the concept of threat assessment as a tool for identifying gaps and possible initiatives in combating money laundering and terrorist financing. They suggested that the four countries work together to produce a joint threat assessment of the TBA prior to the next plenary session. Communiqué language (informal translation) states: "The participants of the Mechanism consider it very important to identify between now and the next meeting of the Group affairs that may constitute specific problems related to illegal financing and other affairs referring to the security of the tri-border area. The participants have estimated that thus they will be in a better position to direct the problems identified in the framework of the Three-Plus-One, in addition to the endeavors already carried out by national authorities in the three countries."

¶10. (U) During the discussion of United Nations Security Council Resolution (UNSCR) 1373, the U.S. delegation detailed its progress in meeting its obligations. The USG assessment of its compliance with UNSCR 1373 is available on the internet.

ARGENTINE INTERVENTIONS

¶11. (U) In his opening remarks, the head of Argentina's delegation, Amb. Orlando Rebagliati, extolled the cooperation of the Three-Plus-One in the TBA and the political will to work on "border security issues." He recalled the early recognition by Argentina, Brazil and Paraguay of the sensitive areas of vulnerability pertaining to the TBA, which led to a meeting in 1996 of security forces from the three countries, resulting in a Tripartite Command. Rebagliati said the TBA needs preventive measures, and the GOA hoped that dialogue and cooperation among the Three-Plus-One would help define priorities and improve coordination. Echoing the opening remarks made by his Brazilian and Paraguayan counterparts, Rebagliati said the 3 1 needed to address the damage that had been done to the TBA, whose reputation as a hotbed for terrorist activity had been greatly "exaggerated and distorted." Rebagliati said the TBA, like many frontier zones around the world, was difficult to control, but the three countries maintained a "strong presence" there, and the preponderance of the region's inhabitants were law-abiding citizens who had been unfairly maligned.

¶12. (U) In subsequent interventions, Rebagliati emphasized the need for real-time sharing of intelligence. However, he also said that, while there is room to improve on exchange of information among the Three-Plus-One, they should not duplicate exchanges underway in FATF (GAFID), GAFISUD, CICTE, or elsewhere. He said the Three-Plus-One should not attempt to take up aspects of each other's global counter-terrorism efforts that were not directly related to the TBA. The Three-Plus-One forum should remain focused on the TBA and avoid inadvertently encroaching on the jurisdiction of other agencies, domestic or international. In discussing a U.S. proposal to have experts from the Three-Plus-One work inter-sessionally to develop TBA threat assessments, the Argentine delegation said it would need to refer to its capital for instructions before agreeing to any "institutional deviation" from the above.

¶13. (U) In the presentation of contributions to security in

the TBA, the Argentine delegation highlighted the enactment in June of legislation criminalizing terrorism as well as the financing of terrorist activity, bringing Argentina into compliance with FATF standards. The Argentines noted they were already acting on their new legal authority to investigate conspiracies to commit terrorist acts, regardless of whether the acts took place. The Argentine delegation noted that the Argentine prosecutors investigating the deadly July 1994 bombing of the AMIA center had traced the bomber to the TBA.

¶14. (U) The delegation noted that the GOA had designated SIDE and PF liaisons for the Regional Intelligence Center in Foz do Iguacu. It also pointed out the GOA's Coast Guard (Prefectura), Gendarmerie, Federal Police, Airport Police, and Intelligence Secretariat (SIDE) were participating in the Tripartite Command. The Coast Guard (Prefectura) was engaged in joint patrols with Paraguay along the Misiones and Corrientes borders to enhance its interdiction of narcotics trafficking and arms trafficking. The Federal Police's (PF) Anti-Terrorist Unit (created after the 1994 AMIA bombing) had deployed to the PF's station in Puerto Iguazu, where there is actually a low crime rate other than contraband. Argentine Customs had begun deploying mobile cargo scanners as well as a canine unit, and Migration Police were strengthening their border controls, and the Gendarmerie were working with their Brazilian and Paraguayan counterparts on cross-border kidnapping cases.

BRAZIL'S INTERVENTION

¶15. (U) Brazil's opening statement noted its concern with the threat from organized crime in border areas and its common interest in combating terrorism with its neighbors. The Brazilian delegation expressed concern that focus on the TBA could "denigrate" the image of a culturally diverse region, where Brazilian agencies have found no evidence of terrorist activity. Brazil further objected to the use of the Three-Plus-One as a forum for information sharing, arguing that this was better done bilaterally.

¶16. (U) Brazil took a similar position on other issues. Both TTU and food defense could be of interest to Brazil, but only outside the Three-Plus-One. Brazil would prefer to address these issues bilaterally and outside the TBA context. The Brazilians also believed that this was not the proper forum for discussion of UN resolution 1373 but noted that Brazil has several counter terrorism projects underway. The Brazilian delegation also briefed on steps taken to improve border security, including increased bilateral cooperation and annual growth in seizures of merchandise at border crossings. The Brazilian delegation responded negatively to Treasury's proposal for a threat assessment, noting that existing information exchanges would present a clear picture of possible threats.

¶17. (U) COMMENT: Throughout, the Brazilian delegation sought to deflect issues of substance from the Three-Plus-One, preferring bilateral approaches with its neighbors. Brazil was also defensive regarding the TBA, complaining that the GOB did not want "to have to defend the TBA in yet another forum." However, this sensitivity did not prevent Brazil from refusing to discuss health-related issues that were not unique to the TBA. END COMMENT.

PARAGUAY'S INTERVENTION

¶18. (U) In his opening statement, Paraguayan Vice-Minister Antonio Rivas lamented the terrorist attack that killed Pakistani opposition leader Benazir Bhutto and called for a renewed commitment from the international community to confront terrorist threats. Rivas said the GOP "energetically rejects" any and all terrorist acts. Rivas asserted Paraguay's interest in combating transnational organized crime and ensuring regional security, but also

noted the absence of any evidence of operational terrorism in the region. He contended there is no causal, automatic link between crime and terrorist financing, and urged the other delegations not to "satanize" the Tri-Border Region (TBA).

¶19. (U) Paraguay,s chief of delegation, Victor Hugo Pena, gave a comprehensive presentation on his country,s efforts to counter terrorism and transnational crime. He reported increases in marijuana and cocaine seizures in 2007, noting that 90 percent of drugs passing through Paraguay are destined for Brazil. He also cited successful operations to seize pirated goods and arms and GOP efforts to counter trafficking in persons. In 2007, the public ministry created a new counter narcotics prosecutorial unit and revised Paraguay,s penal code (which became law on January 16). Pena applauded the efforts of SEPRELAD, Paraguay,s anti-money laundering secretariat, to prosecute unlicensed exchange houses, and also noted Paraguay,s participation in US funded OAS/CICTE training courses on document fraud prevention, critical infrastructure protection, and cyberterrorism. Pea said construction of the public ministry,s forensic lab is ongoing and announced plans to install radar to cover Paraguayan air space. (COMMENT: The GOP has long lacked radar coverage, but remains far from fulfilling this goal in the foreseeable future. END COMMENT). He said within the next week, an executive decree would expand SEPRELAD,s jurisdiction beyond money laundering to cover terrorist finance. Finally, the GOP attempted to allay concerns regarding Paraguay,s failure to pass anti-terrorist legislation by assuring delegates that the GOP would prosecute terrorists under its penal code. (NOTE: President Duarte signed Paraguay's new penal code into law on January 16. END NOTE.)

¶20. (U) Paraguayan delegates asserted that socio-economic development is critical to preventing crime. They thanked the US delegation for a wide range of assistance, but asked that the United States share a "higher quality" of information when informing Paraguay of U.S. terrorist designations to facilitate local investigations. Ciudad del Este Prosecutor Eber Ovelar thanked the U.S. delegation for its offer to share TTU data, noting that false invoices are a common customs problem. Pea requested information regarding the Bank of America case, prosecuted by the New York District Attorney,s office, regarding money moved illegally through Paraguay. The GOP also requested training/assistance on bulk cash smuggling.

FINAL COMMENT

¶21. (C) Paraguay and Argentina interventions were more helpful than they were last year, when discussions were soured by the U.S. designation of nine individuals and entities in the Triborder Area. Paraguay's intervention demonstrated its willingness to expand the meeting's agenda to broader law enforcement issues per the United States' request, but neither Paraguay nor Argentina was willing to challenge Brazil directly. Palmer,s recommendation, inspired by comments of Paraguay,s Ambassador in Washington, that the group do more publicly to highlight the cooperation in the Three-Plus-One mechanism was rejected bluntly by the Brazilian delegation, clearly interested in giving the mechanism as little weight or public attention as possible. END COMMENT.

¶21. (U) Participants:
Paraguay Delegation

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